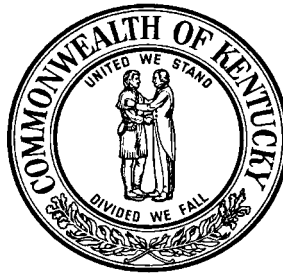


**REPORT OF THE AUDIT OF THE
BULLITT COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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CRIT LUALLEN
Auditor of Public Accounts

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Kenneth Rigdon, Bullitt County Judge/Executive
Honorable Paul Parsley, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

The enclosed report prepared by Kapp & Company, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2002.

We engaged Kapp & Company, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kapp & Company, PLLC, evaluated the Bullitt County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BULLITT COUNTY SHERIFF

**For The Year Ended
December 31, 2002**

Kapp & Company, PLLC, has completed the Bullitt County Sheriff's Fee audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$291,637 from the prior calendar year, resulting in excess fees of \$2,850 for 2002. Revenues increased by \$8,813 from the prior year and disbursements increased by \$303,300.

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Kapp & Company, PLLC
Certified Public Accountants &
Business Advisors

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Kenneth Rigdon, Bullitt County Judge/Executive
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In accordance with Government Auditing Standards, we have also issued a report dated September 29, 2003, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp and Company, PLLC

Audit fieldwork completed -
September 29, 2003

BULLITT COUNTY
 PAUL PARSLEY, BULLITT COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

State Grants		\$	100,693
State - Kentucky Law Enforcement Foundation Program Fund			108,644
State Fees For Services:			
Cabinet For Human Resources			28,148
Circuit Court Clerk:			
Sheriff Security Service	\$	38,748	
Fines and Fees Collected		<u>7,920</u>	46,668
Fiscal Court			462,072
County Clerk - Delinquent Taxes			4,834
Commission On Taxes Collected			735,053
Fees Collected For Services:			
Auto Inspections		18,898	
Accident and Police Reports		1,318	
Serving Papers		65,997	
Carrying Concealed Deadly Weapon Permits		<u>31,873</u>	118,086
Other:			
Transport Prisoners		1,721	
Miscellaneous		10,243	
Election Commission		70	
Sheriff's Add-On Fee		121,185	
Reimbursed Expenses		<u>2,183</u>	135,402
Interest Earned			50,719
Borrowed Money:			
State Advancement			<u>225,000</u>
Total Receipts		\$	<u>2,015,319</u>

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
 PAUL PARSLEY, BULLITT COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-		
Deputies' Salaries	\$ 1,222,301	
Employee Benefits-		
Employer's Share Social Security	90,422	
KLEFPF	13,709	
Training Fringe Benefit (HB 810)	2,965	
Employer Paid Health Insurance	50,964	
Contracted Services-		
Vehicle Maintenance and Repairs	45,571	
Materials and Supplies-		
Office Materials and Supplies	23,974	
Uniforms	17,651	
Auto Expense-		
Gasoline	55,038	
Mileage	86	
Other Charges-		
Conventions and Travel	8,125	
Dues	1,998	
Postage	11,263	
Telephone	15,841	
Bond	901	
Carrying Concealed Deadly Weapon Permits	27,500	
Miscellaneous	3,176	
Capital Outlay-		
Office Equipment	63,084	
Patrol Equipment	32,237	
Equipment Rental	3,706	
Vehicles	<u>21,362</u>	1,711,874
Debt Service:		
State Advancement		<u>225,000</u>
Total Allowable Disbursements		\$ 1,936,874

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
PAUL PARSLEY, BULLITT COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Year Ended December 31, 2002
(Continued)

Net Receipts	\$ 78,445
Less: Statutory Maximum	<u>75,600</u>
Excess Fees Due County for Calendar Year 2002	2,845
Payments to County Treasurer - July 31, 2003	<u>2,845</u>
Balance Due at Completion of Audit	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.34 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2002, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bonds which named the Sheriff as beneficiary obligee on the bonds.

Note 4. Project DARE Bank Account

This bank account is used to pursue DARE activities with donations. The beginning balance January 1, 2002 was \$2,375. Receipts for 2002 were \$300 and no disbursements were made. The ending bank balance as of December 31, 2002 was \$2,765.

Note 5. Drug Confiscated Property Bank Account

This bank account is used to deposit and disburse funds received pursuant to property confiscated during the course of drug enforcement. The beginning balance on January 1, 2002 was \$455 and deposits for 2002 were \$67,478. Disbursements during 2002 were \$60,807 and the ending bank balance on December 31, 2002 was \$7,126.

Note 6. Tax Escrow Accounts

A. 2000 Tax Account

The 2000 tax escrow account is used to deposit any unrefundable duplicate payments and unexplained receipts in an interest bearing account. The beginning balance on January 1, 2002, was \$11,115 and receipts in the calendar year included only earned interest of \$162. Disbursements for the year were \$6,951 and the ending balance on December 31, 2002 was \$4,327.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 6. Tax Escrow Accounts (Continued)

B. 1999 Tax Account

The 1999 tax escrow account is used to deposit any unrefundable duplicate payments and unexplained receipts in an interest bearing account. The beginning balance on January 1, 2002 was \$3,836 and receipts in the calendar year included only earned interest of \$127. Disbursements were \$409 and the ending balance as of December 31, 2002 was \$3,554.

C. 1998 Tax Account

The 1998 tax escrow account earned \$186 in interest for the calendar year 2002. Disbursements during 2002 were \$187. The ending balance as of December 31, 2002 was \$5,203.

D. 1997 Tax Account

The 1997 tax escrow account earned \$123 in interest for the calendar year 2002. Disbursements during 2002 were \$124. The ending balance as of December 31, 2002 was \$3,439.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Bullitt County Sheriff for the year ended December 31, 2002, and have issued our report thereon dated September 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bullitt County Sheriff's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullitt County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp and Company, PLLC

Audit fieldwork completed -
September 29, 2003

